

Request for Waiver - Cash Balance Penalty

SDCL 13-13-73.5

School District:

HAAKON

Penalty Fiscal Year:

2019

Click in cell C4, then click on dropdown

Lowest Monthly Cash Balance, General Fund (FY2018)

\$986,671

Total General Fund Expenditures (FY2018)

\$2,852,291

Cash Balance %

34.6%

State Aid Fall Enrollment, Fall 2016

310.00

30%

State Aid Fall Enrollment, Fall 2017

302.00

30%

State Aid Fall Enrollment, Fall 2018

310.00

30%

Allowable Cash Balance Percentage

30.0%

Amount Exceeding Allowable Percentage

\$130,984

Total Amount of Waiver Request

\$130,984

Amended Cash Balance %

30.0%

State Aid Adjustment (FY2019)

\$0

Please explain the reason(s) for this request:

Due to some exenuating circumstances surrounding the fiscal timing of constructing and moving into a new K-12 facility, we are requesting a waiver of SDCL 13-13-73.5. A letter of explanation is attached and will detail the specifics of our situation. We look forward to the opportunity to meet with the School Finance & Accountability Board to discuss and answer questions.

The School Finance & Accountability Board may consider a waiver due to special circumstances such as:

- 1) Revenue needed in following year(s) due to a natural disaster; or
- 2) Funding needed to expand educational programs; or
- 3) Impact of reorganization; or
- 4) Any unforeseen or extenuating circumstance explain ed on this request.

Contact Person:

Jeff Rieckman

Date:

11/7/2018

Title:

Superintendent

Haakon School District 27-1

Philip Schools

P.O. Box 730 • Philip, SD 57567-0730

November 7, 2018

School Finance & Accountability Board
Department of Education
800 Governor's Drive
Pierre, SD 57579

Dear Members of the School Finance & Accountability Board,

Thank you for the opportunity to submit a waiver of SDCL 13-13-73.5. It was our full intent to reach the 30% allowable general fund cash balance, but we missed the target by 4.59%. We are filing a waiver based on special circumstances: unforeseen circumstances as explained. We feel that we have maintained good fiscal responsibility as we attempted to meet this requirement, while having just completed construction of a new K-12 facility.

Since the new fund balance laws were put in place, we have made significant progress toward the allowable percentage:

Year	Expenditures	Lowest Cash Balance	Percentage
2016	\$1,888,535	\$1,338,725	70.9%
2017	\$2,609,308	\$1,339,995	51.35%
2018	\$2,852,291	\$986,671	34.59%

The following are items of significance that we feel helped move us to the 30% target:

- Under the new teacher funding package laws, we were required to expend \$94,206. The Board gave raises of \$4,200.00 to all 21.5 eligible teachers. We also left in place the 2% raise they were already negotiated to receive. Together, this equaled approximately \$107,000 not including benefit compensation. Our base pay also increased from \$30,500 to \$34,500.
- We compensated our classified staff with a \$1.25/hour increase across the board.
- In the spring of 2017, every employee who worked the 2016-2017 year and was under contract for the 2017-2018 year received a one-time bonus of \$5,000.00 each.

"Better Schools Make Better Communities"

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- In the spring of 2018, the Board gave raises of \$500.00 to certified staff and .25/hour to classified staff. Teacher base pay was increased to \$36,500.
- We have expanded our technology program to be one-to-one and upgraded technology at our rural school.

The extenuating circumstance piece of our situation came regarding our new K-12 facility. The new school was scheduled to be completed in mid-May, which would have afforded our teachers the opportunity to move into their new spaces and get requisitions submitted before the end of the 2018 fiscal year. Unfortunately, as many projects go, the timeline was extended out more than once, and teachers were not able to take possession of their classrooms until July 25th. Many waited until closer to the start of school to begin their move. As teachers and students settled in, the requisitions poured in. We spent a significant amount of money meeting those needs in August, September, and October (See Appendix #1). While these costs were certainly not unforeseen, the timing was not in our favor for meeting the fiscal year deadline. It was of utmost importance to us to make financially responsible decisions as we obligated resources during this once-in-a-lifetime project.

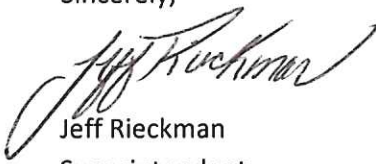
Once settled in the new building, we also had to expand staffing that we hadn't needed before: (See Appendix #2)

- Hired another part-time secretary for coverage
- Hired a paraprofessional that we didn't need before due to class size dynamics
- Have the need for another custodian, though at this time we are having hiring difficulties

As of October 31, 2018, our general fund balance is down to \$713,927.00, which is 25.4% of our budgeted expenditures of \$2,811,251.00 (See Appendix #3). Thus, we are confident that we are now below where we need to be in terms of percentage. Unfortunately with our circumstances and substantial completion timeline, we are about four months late in getting there. We are grateful for the opportunity to present a waiver for your consideration, and we look forward to meeting with you. Attached is some documentation supporting our request.

Thank you for your dedication to South Dakota education.

Sincerely,


Jeff Rieckman
Superintendent


Britni Ross
Business Manager

Appendix #1

Consumable Supply Purchases for New K-12 School

Classroom Supplies – Elementary	\$12,121.62
Classroom Supplies – Junior High	\$1,991.29
Classroom Supplies – High School	\$14,318.32
New Science Dimensions Lab Kits	\$3,414.20
Supplies for New Library	\$465.88
Purchased Services for Networking/Setup	\$12,127.84
LanSchool Site Licensing for Teachers	\$2,396.00
Office Supplies	\$5,912.05
Fill new underground propane tanks	\$4,500.00
Updated Ag Tech Systems Curriculum	\$1,690.38
TOTAL	\$58,937.58

Appendix #2

Expanded Staffing for New K-12 School

Position	Hours/Wage	Fringe Benefit	Payroll Expenses	Total
Part-Time Secretary	1107 at \$13.00 = \$14,391.00	\$3000.00	\$2,373.87	\$19,764.87
3 rd Grade Paraprofessional	1386 at \$12.00 = \$16,632.00	\$3000.00	\$2,679.77	\$22,311.77
Full Time Custodian	2080 at \$13.00 = \$27,040.00	\$3000.00	\$4,100.46	\$34,140.46
TOTAL	\$58,063.00	\$9000.00	\$9,154.10	\$76,217.10

Appendix #3

Cash Balance Report from Accounting Software

gl South Dakota Annual Report			
File Options Pin To Help			
Generate	Edit	View Cash Balances	Missing
Cash Balances			
Fund ▼	Month ▼	Report Value ▼	
▶ 10	07	1,039,883.34	
10	08	987,363.54	
10	09	859,078.45	
10	10	713,926.78	
10	11	713,926.78	
10	12	713,926.78	
10	01	713,926.78	
10	02	713,926.78	
10	03	713,926.78	
10	04	713,926.78	
10	05	713,926.78	